GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2416
ANSWERED ON:17.03.2008
INCREASE IN MSP AND IMPORT DUTY ON JUTE
Barman Shri Hiten

Will the Minister of TEXTILES be pleased to state:

(a) whether there is big gap between Minimum Support Price (MSP) and production cost of thejute;

(b) if so, whether the Government proposes to increase MSP and import duty on jute;

(c) if so, the details thereof and if not, the reasons therefor; and

(d) the other steps taken/proposed to be taken to protect the interest of the jute grower?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES(SHRI E.V.K.S. ELANGOVAN)

(a) to (c): No, Sir. Minimum Support Price (MSP) is fixed by the Department of Agriculture & Cooperation, Government of India on the basis of recommendations of Commission for Agricultural Costs and Prices (CACP). For recommending the MSP for raw jute, CACP takes into account a number of factors including the cost of production of jute.
For recommending the MSP for Raw Jute for ensuing production season, the CACP uses projected cost of production for Raw Jute for the reference year. Accordingly, the projected cost for Raw Jute (Weighted Average for the country as a hole) vis-Ã -vis the MSP for the last three years are as follows:-

Year	Projected Cost (C2 Cost) of Production for Raw Jute (Rs./Quintal) (Rs./Quintal)	Minimum Support Price (MSP)
2006-07	961.85	1000.00
2007-08	1010.00	1055.00
2008-09	1062.00	1250.00

As regards import duty on jute, Jute attracts 10% of general affective rate of basic Custom Duty. However, there is `Nil` rate of basic Customs Duty on Import of Jute from Bangladesh. Bhutan, Maldives and Nepal. At present, there is no proposal under consideration to increase basic Customs Duty on Jute

(d): Whenever the prices of raw jute have touched support level, Jute Corporation of India (JCI) and the Cooperative Societies as agents of JCI procure jute from the farmers at MSP so that the ruling market price of raw jute does not fall below the MSP level. In addition under Jute Packaging Materials (Compulsory use in packing commodities) Act, 1987 the Government of India has reserved Foodgrains and sugar for 100% packing in Jute bags with a view to sustain the Jute Industry and thereby protect the interest of the jute growers.